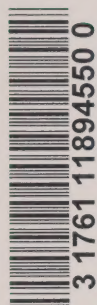


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The Nature of the Residential Renovation Market in Ontario

February 1987



Ontario

Ministry
of
Housing

Chaviva Hosek
Minister



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EXECUTIVE SUMMARY

Residential renovation has become an increasingly important part of total residential construction activity in Ontario over the past 10 years. During this time, the Housing Conservation Unit of the Ministry of Housing advised Clayton Research Associates to prepare this summary report on the nature of the residential renovation market in Ontario.

The term "residential renovation" as used in this report includes the full range of activities from minor repairs and alterations to complete reconstruction. The latter includes the replacement of major structural elements and the addition of new space. The term "renovation" is used to describe the work done on existing buildings as opposed to the work done on new buildings.

THE NATURE OF THE RESIDENTIAL RENOVATION MARKET IN ONTARIO

SCOPE OF RESIDENTIAL RENOVATION WORK

A survey of residential renovation work in Ontario was conducted during the period 1975-1976. The results are summarized below.

Over 90% of the residential renovation work in Ontario in 1975 was done on buildings constructed prior to 1945. The level of renovation work in 1975 was 1.1% of the total residential construction activity.

Ontario Ministry of Housing
Housing Conservation Unit

Over 52 percent of the residential renovation work in Ontario in 1975 was done on buildings constructed prior to 1945. The level of renovation work in 1975 was 1.1% of the total residential construction activity.

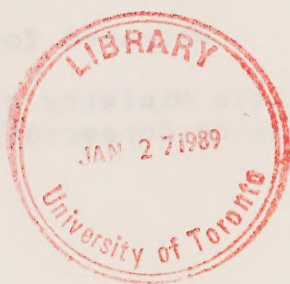
by
Clayton Research Associates Ltd.

The value of residential renovation work in Ontario in 1975 was estimated at \$1.1 billion, compared to only \$0.5 billion in 1974.

A significant increase in residential renovation work is projected to continue in the years ahead.

February, 1987

THE HISTORY OF THE
NORTHWESTERN TERRITORY
IN 1870



THE UNIVERSITY OF TORONTO

1237, 1238, 1239

EXECUTIVE SUMMARY

Residential renovation has become an increasingly important part of total residential construction activity in Ontario over the past 15 years. Recognizing this fact, the Housing Conservation Unit of the Ministry of Housing engaged Clayton Research Associates to prepare this overview report on the nature of the residential renovation market in Ontario.

The term "residential renovation" as used in this report includes the full spectrum of construction activities on existing residential buildings and their surrounding property. These construction activities can range from minor work such as painting and small maintenance jobs through the upgrading of a part of a building to meet modern standards to the construction of a fence or the erection of a major addition to an existing building.

The main findings of this report are as follows:

VOLUME OF RESIDENTIAL RENOVATION WORK

- Spending on residential renovations in Ontario has increased significantly over the past 15 years.

Real residential renovation expenditures in Ontario in 1985 are estimated at \$4.8 billion - more than double the level of 1971, in constant dollar terms.

- Residential renovation spending in Ontario has accounted for an increasing share of total residential construction expenditures since 1971.

About 52 percent of total residential construction expenditures consisted of spending on residential renovations in the 1981-1985 period; this compares to just 34 percent as recently as the first half of the 1970s.

- Renovation work on ownership dwellings accounts for the vast majority of total residential renovation spending in Ontario.

The value of renovations to ownership dwellings in Ontario is estimated at \$4.3 billion in 1985 compared to only \$0.5 billion for rental dwellings.

- Residential renovation spending is projected to continue to increase rapidly in Ontario over the next 10 years.

Spending on residential renovation is projected to increase from an annual average of \$4.3 billion in the first half of the 1980s to \$5.6 billion and \$6.8 billion (expressed in 1985 dollars) in the 1986-1990 and 1991-1995 periods, respectively.

ECONOMIC IMPACTS OF RESIDENTIAL RENOVATION

- The employment impacts from residential renovation work by contractors are greater than from residential construction as a whole.

Estimates for 1985 indicate that the employment created directly in the construction industry for a given expenditure on residential renovation work performed by contractors (excluding repair work) is almost twice that created by a similar expenditure on residential construction as a whole (again, excluding repair work).

- Residential renovation spending has become progressively more important to the Ontario economy.

Renovation spending rose from 2.1 percent of provincial gross domestic product (GDP) in 1971-1975 to 2.5 percent in 1981-1985. Spending on total residential construction over the same period fell from 6.2 to 4.8 percent of GDP.

WHO DOES RESIDENTIAL RENOVATION WORK AND ON WHAT TYPES OF DWELLINGS?

- Most homeowners undertake at least some renovation work each year, but relatively few incur major renovation expenses.

Although roughly 80 percent of all homeowners do at least some renovation work each year, fewer than a third of all homeowners spend more than \$2,500 annually on renovations.

- Household incomes and ages of homeowners are important determinants of renovation spending.

Homeowners in the upper two income quintiles and those in the 35-44 age group tend to spend more on renovations than do other homeowners.

- Dwellings built since the war account for the majority of homeowner renovation spending although average renovation spending is higher for homeowners occupying older dwellings.

Dwellings built before 1946 accounted for less than one-quarter of the ownership dwelling stock in 1984 but 30 percent of total homeowner renovation spending. Dwellings built in the last 40 years account for 70 percent of total homeowner renovation spending.

- Renovation work done by contractors accounts for almost three-quarters of total spending on homeowner renovations.

A larger proportion of homeowners undertake do-it-yourself renovation work than hire contractors. However, because average expenditures associated with work done by contractors are higher than for DIY work, contract work accounts for about three-quarters of all spending on homeowner renovations.

COMMON TYPES OF RENOVATION WORK

- Renovation spending is spread over a wide range of activities. No single type of work accounts for more than 9 percent of total homeowner renovation spending.
- Kitchens account for the largest share of total renovation spending by homeowners (9 percent), followed closely by work involving carpets/flooring (8 percent) and roofing and landscaping (7 percent each).
- Other major types of renovation work in terms of total dollar spending include new windows, bathrooms, interior painting/plastering/wallpapering, siding/exterior walls, addition of a room and heating systems.
- Contractors are hired by the majority of homeowners to do work involving kitchens, carpets/flooring, roofing, new windows, siding/exterior walls, additions and heating systems. Most homeowners undertaking renovation work involving landscaping, bathrooms and interior painting/plastering/wallpapering do the work themselves.
- Older dwellings (those aged 20 years or more) account for the majority of total spending on renovation work involving kitchens, roofing, new windows, bathrooms, siding/exterior walls, heating systems and additions. The majority of renovation spending on landscaping is accounted for by homeowners occupying dwellings aged less than 20 years. Spending on carpets/flooring and painting/plastering/wallpapering is divided more or less evenly between newer and older dwellings.

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INTRODUCTION

Purpose of This Report

The Housing Conservation Unit of the Ministry of Housing engaged Clayton Research Associates Limited to prepare this overview report on the nature of the residential renovation market in Ontario. There have been major improvements in recent years in both the range and the quality of information available about this increasingly important component of the residential construction industry. This report seeks to bring together this information to provide insights into the volumes of residential renovation expenditures, the effect of renovation activity on the economy, the characteristics of homeowners and dwellings involved in renovation and the most common types of renovation work. It should be pointed out that there still remain major gaps in available information on renovation spending. In particular, there is a lack of comprehensive, consistent information relating to product usage in renovation, motivating factors behind a homeowner's decision to renovate and characteristics of the renovation construction industry.

The report includes information from a number of sources. These include published and unpublished data from Statistics Canada, in-house work by Clayton Research Associates and results from the HOMES National Survey conducted annually by Environics Research Group. In many cases, the information presented here only scratches the surface of the available information because the intent is to provide an overview - not an exhaustive analysis. For those interested in more details, sources are provided in the report for all information presented.

Report Structure

The report is divided into four major sections:

- The volume of residential renovation work - information on expenditures on residential renovations over the period since 1971 and a comparison with trends in new residential building; disaggregation of total expenditures on residential renovation into work on homeowner versus rental dwellings; and projections of future trends in renovation expenditures.
- Economic impacts of renovation work - a review of the findings of work completed by Clayton Research on the importance of residential renovation work in the overall economy and the employment generated in the economy by residential renovation work as opposed to work on residential construction in total.

- The characteristics of homeowners doing renovation work and the characteristics of the renovated dwellings - this section focusses on homeowner renovations and examines information on the incidences of renovation spending as well as the share of total renovation expenditures accounted for by homeowners and ownership dwellings with different characteristics. The section also briefly explores the incidence of do-it-yourself (DIY) work among homeowners.
- Common types of renovation work - information on the types of work most commonly undertaken by homeowners and the expenditures involved as well as the relative proportions of renovation work which are undertaken by DIY homeowners as opposed to contractors.

An appendix providing a brief description of the two surveys which are the source of the background data for the third and fourth sections of this report - Statistics Canada's Family Expenditure Survey (FAMEX) and Environics Research Group's HOMES National Survey - is also included.

Before proceeding with the main body of the report, a brief discussion is presented regarding the meaning of the term "residential renovation".

What is Residential Renovation?

Residential renovation can mean different things to different people. In most common usage (and the meaning adopted for use in this report) residential renovation covers the full spectrum of construction activities on existing residential buildings and their surrounding property. These construction activities can range from minor work such as painting and small maintenance jobs through the upgrading of a part of a building to meet modern standards (such as remodelling a kitchen or bathroom) to the construction of a fence or the erection of a major addition to an existing house. The work can be done by either the owner of the property (described as do-it-yourselfers or DIY) or by a contractor hired to undertake the work or by a combination of the two.

The focus of this report is on residential renovation - renovation work on non-residential buildings is not covered here. When the more general term "renovation" is used in this report it refers only to residential renovation.

Renovation can be theoretically disaggregated into a wide variety of component parts; however, the nature of renovation work is such that there is no reliable statistical distinction between many of the types of activities which are included. Terms such as rehabilitation, conservation, maintenance, repair, renewal, retro-

fitting, remodelling and replacement all describe activities which, in varying degrees, overlap one another.

This report deals with renovation spending as a whole. Statistics Canada data are generally disaggregated into two components, repairs and improvements:

- Repairs - work undertaken on an existing residential structure or piece of equipment (e.g. the furnace) to keep it in good working condition and appearance so as to maintain it in "as new" a condition as possible. Also included is work done to repair broken, damaged or malfunctioning components of the structure or equipment. Examples include painting, caulking and various types of repair and maintenance work on buildings and component parts such as furnaces, plumbing and electrical systems.
- Improvements - a term covering what are often referred to as "alterations, improvements, additions and conversions"; included are the construction of structural extensions and conversions, work done to upgrade or modernize the property and installation or replacement of equipment or fixtures. In general, these types of work tend to be more major (and more expensive) than repairs.

This report combines repairs and improvements. This is because much survey data is frequently collected in an aggregated form with no attempt made to distinguish repairs from other types of renovation work. Also, where surveys do distinguish repairs from improvements, there is often confusion in the minds of respondents because of the complex definitions involved and the fact that much renovation work includes elements of both repairs and improvements.

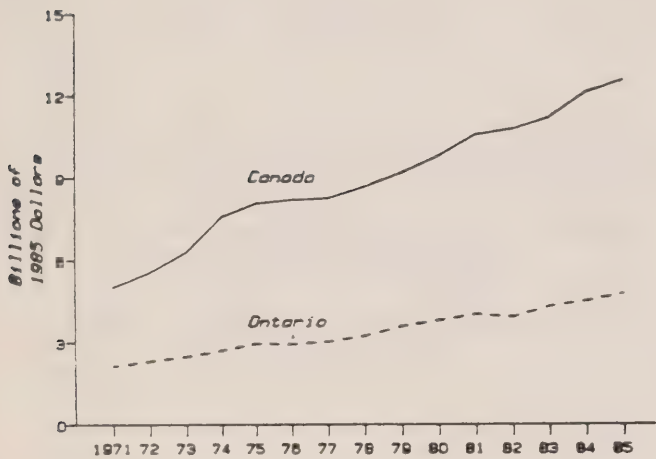
Because of the statistical difficulties in reliably separating repairs and improvements, the approach here is to disaggregate renovation spending by amount of total spending. In the third section of the report, therefore, an examination is made of both total renovation spending by homeowners and of the incidence of "major" renovation spending - that is, spending of \$2,500 or more per homeowner, as the latter are more likely to be doing more than just repair-type renovations.

VOLUME OF RESIDENTIAL RENOVATION WORK

This section provides information on renovation spending since 1971; a comparison with spending on new building; disaggregation of renovation spending into work on homeowner versus rental dwellings; and projections of future renovation expenditures. Where possible, the data are expressed in 1985 dollars, in order to remove the effects of inflation.

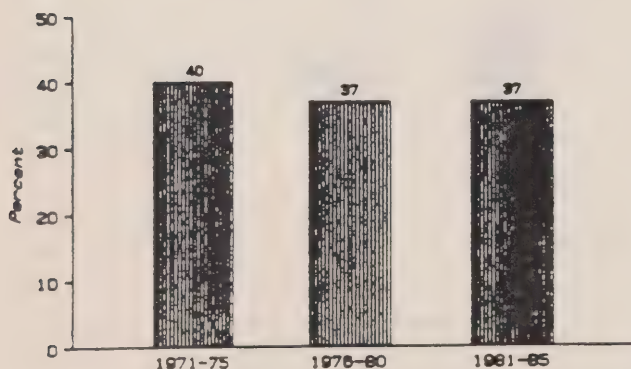
Renovation - A Growing Activity

REAL RESIDENTIAL RENOVATION EXPENDITURES
CANADA AND ONTARIO, 1971-1985



Source: Clayton Research Associates based on
Statistics Canada data.

RESIDENTIAL RENOVATION EXPENDITURES
ONTARIO AS PERCENT OF CANADA, 1971-1985

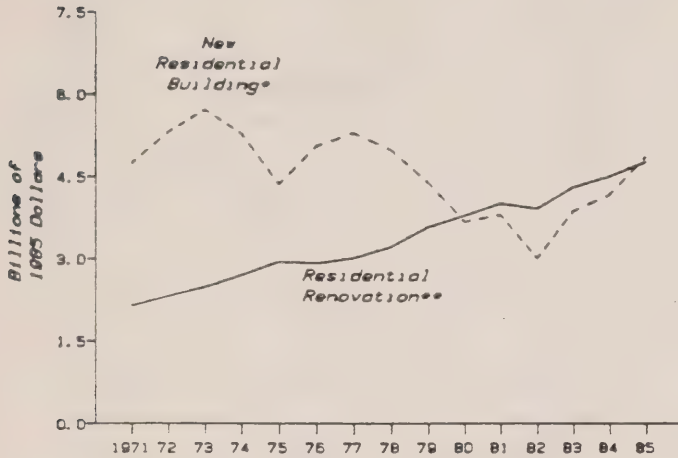


Source: Clayton Research Associates based on
Statistics Canada data.

- Spending on residential renovations has increased significantly over the past 15 years. Real residential renovation expenditures in 1985 totalled \$4.8 and \$12.6 billion in Ontario and Canada, respectively (expressed in 1985 dollars) - more than double the 1971 levels.
- Real residential renovation expenditures have been increasing steadily in both Ontario and Canada over the past 15 years. Only in 1976 and the severe recession year of 1982 did real renovation spending in Ontario dip slightly.
- Ontario's share of renovation spending in Canada has remained relatively constant over the past 10 years at 37 percent on an average annual basis. This is a slight decline from the 1971-75 period because of the slowing in the Ontario economy vis-à-vis Western Canada in the latter 1970s and the differing regional impacts of government rehabilitation programs in the latter 1970s and early 1980s.

Renovation Spending Less Cyclical Than Spending on New Residential Construction

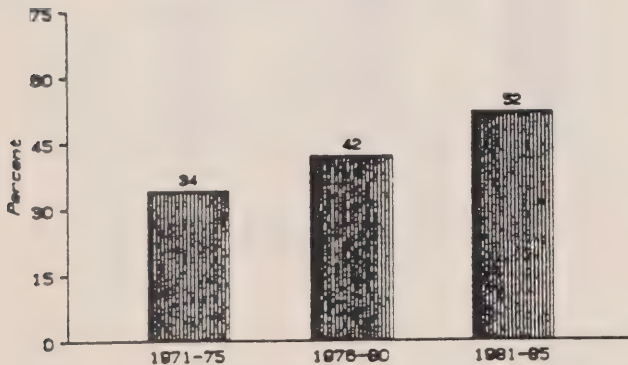
REAL RESIDENTIAL RENOVATION AND NEW BUILDING EXPENDITURES, ONTARIO, 1971-1985



* Includes new units built (including cottages and mobile homes) plus acquisition costs.
 ** Includes repairs and improvements.

Source: Clayton Research Associates based on Statistics Canada data.

RESIDENTIAL RENOVATION EXPENDITURES AS PERCENT OF TOTAL RESIDENTIAL CONSTRUCTION EXPENDITURES ONTARIO, 1971-1985



Source: Clayton Research Associates based on Statistics Canada data.

- Spending on new dwellings in Ontario has been much more cyclical than renovation spending. In 1973, spending on new work peaked at \$5.7 billion (1985 dollars); it reached a low of \$3.0 billion in 1982 before increasing again in recent years.
- Renovation spending has been accounting for an increasing share of total residential construction expenditures over the past 15 years; it has risen to 52 percent in the first half of the 1980s from 34 percent in the first half of the 1970s.
- Renovation spending in the early 1980s surpassed the level of spending on new dwellings for the first time. The upturn in housing starts in 1985 (and 1986) has resulted in new residential construction expenditures once again overtaking renovation, but only by a small margin.
- Given projected declines in new residential construction after 1987, it is expected that this situation will reverse and renovation spending will once again surpass spending on new dwellings.
- There will be increasing opportunities in the future for contractors and builders (particularly smaller firms) interested in making the shift away from new construction to the expanding renovation market.

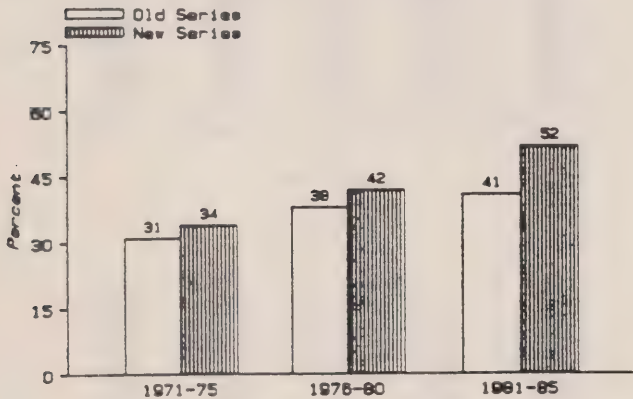
Revised Data Indicate Renovation Spending Much Higher Than Previously Estimated

REAL RESIDENTIAL RENOVATION EXPENDITURES
ONTARIO, 1971-1985



Source: Clayton Research Associates based on
Statistics Canada data.

RESIDENTIAL RENOVATION EXPENDITURES AS PERCENT
OF TOTAL RESIDENTIAL CONSTRUCTION EXPENDITURES
ONTARIO, 1971-1985



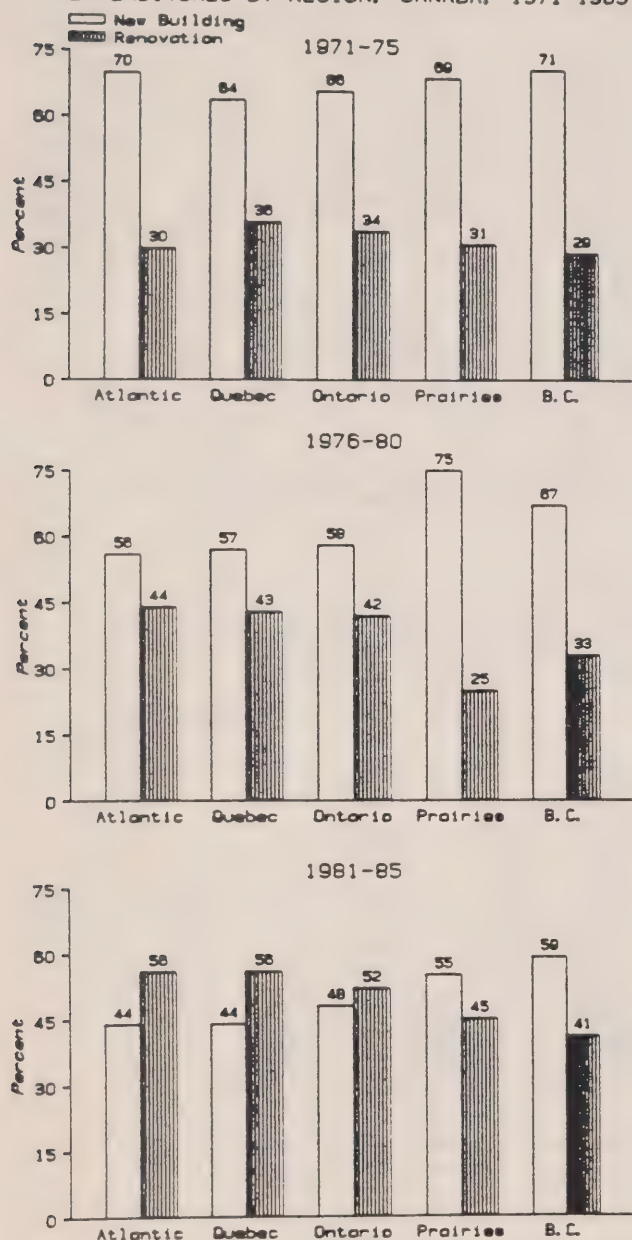
Source: Clayton Research Associates based on
Statistics Canada data.

- Major revisions to data on residential renovation expenditures were made by Statistics Canada in July, 1986. The revised data show both higher levels and larger year-to-year increases in residential renovation spending in Ontario over the past 15 years than previous estimates had indicated.
- According to the revised figures, residential renovation spending in Ontario in 1985 totalled \$4.8 billion. This is \$2 billion higher than the previous estimate of \$2.8 billion.*
- The understatement of the previous estimates progressively worsened over the past 15 years: from only 8 percent in 1971 to 70 percent in 1985.
- The revised estimates indicate that renovation spending is a more significant component of total residential construction expenditures than previously thought. As already noted, it accounted for slightly more than half of all residential construction expenditures in 1981-1985, compared to the previously estimated 41 percent.

* The revisions to the data on repairs and improvements reflect the difficulties in separating the two types of renovation. For 1985, for example, the repair estimates were lowered to \$1.1 billion from \$1.7 billion while improvement estimates were raised to \$3.7 billion from \$1.1 billion.

Renovation Most Important in Atlantic Provinces and Quebec, Followed Closely by Ontario

RESIDENTIAL RENOVATION AND NEW BUILDING EXPENDITURES
AS PERCENT OF TOTAL RESIDENTIAL CONSTRUCTION
EXPENDITURES BY REGION, CANADA, 1971-1985

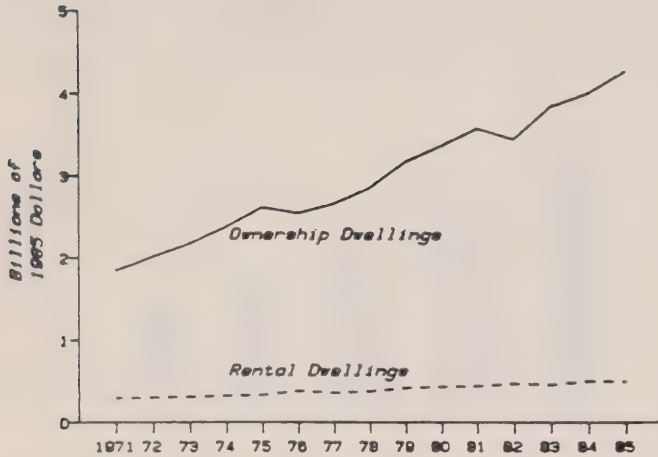


Source: Clayton Research Associates based on
Statistics Canada data.

- Renovation spending accounted for just over half of all residential construction expenditures in Ontario in 1981-1985. This share is somewhat below that of the Atlantic Provinces and Quebec, but is higher than in Western Canada.
- As in Ontario, the shares of total residential construction expenditures accounted for by renovation spending in all other regions have increased significantly since the early 1970s.
- For the year 1985 alone, renovation's share of total residential construction expenditures was lower than for the 1981-1985 period as a whole in the Atlantic region and Quebec as well as in Ontario. This reflects the recent strength in new construction in these regions, rather than any weakness in the renovation market.
- One factor contributing to the higher renovation share of total residential construction expenditures in Ontario and the rest of Eastern Canada vis-à-vis Western Canada is the relatively older dwelling stock in these regions.

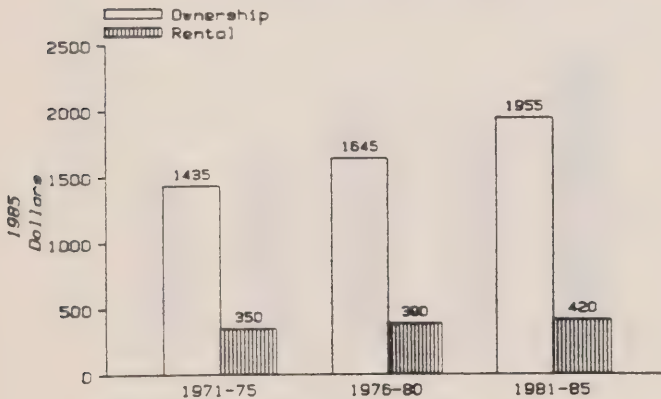
Most Renovation Work Done on Ownership Dwellings

REAL RESIDENTIAL RENOVATION EXPENDITURES
ON OWNERSHIP AND RENTAL DWELLINGS
ONTARIO, 1971-1985



Source: Clayton Research Associates based on
Statistics Canada data.

AVERAGE ANNUAL REAL RENOVATION EXPENDITURES
PER OWNERSHIP AND RENTAL DWELLING
ONTARIO, 1971-1985



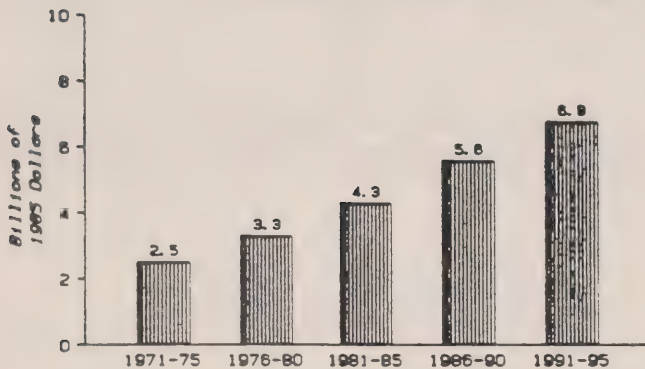
Source: Clayton Research Associates based on
Statistics Canada data.

- The estimated value of renovation work on ownership dwellings was \$4.3 billion in Ontario in 1985 - 90 percent of all residential renovation work. Renovation spending on rental dwellings is estimated at only \$0.5 billion in 1985.*
- Renovation spending on ownership dwellings has increased more rapidly than for rental dwellings. In real terms, ownership renovation spending has more than doubled since 1971, whereas rental renovation spending increased by about 70 percent.
- There has been a significant increase in average real ownership renovation expenditures expressed per dwelling. This is due to several factors, including the aging of the dwelling stock and higher real discretionary incomes. Also, more people appear to be recognizing the alternative of renovating their current home to accommodate changing needs rather than moving to another dwelling.
- Average spending per rental dwelling has increased less rapidly than for ownership dwellings since the early 1970s.

* Statistics Canada estimates of rental renovation spending may be understated. U.S. Bureau of the Census data indicate that rental dwellings accounted for 37 percent of total U.S. residential renovation expenditures in 1985; this compares to the estimate of 13 percent for Canada.

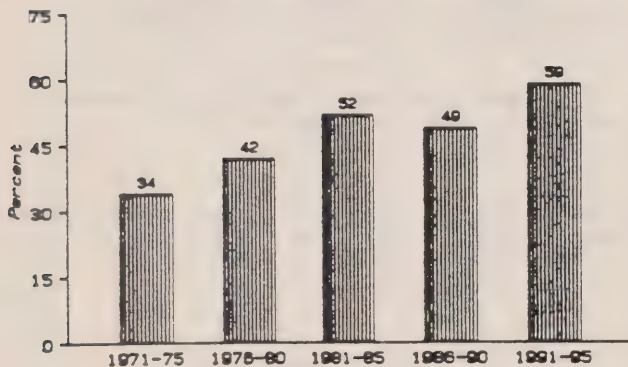
Renovation Spending Expected to Continue to Increase Over Next Decade

AVERAGE ANNUAL REAL RESIDENTIAL
RENOVATION EXPENDITURES
ONTARIO, 1971-1995



Source: Clayton Research Associates based on Statistics Canada data.

RESIDENTIAL RENOVATION EXPENDITURES AS PERCENT
OF TOTAL RESIDENTIAL CONSTRUCTION EXPENDITURES
ONTARIO, 1971-1995



Source: Clayton Research Associates based on Statistics Canada data.

- Renovation spending in Ontario is projected to increase from an annual average of \$4.3 billion in 1981-1985 to \$5.6 billion and \$6.8 billion (1985 dollars) in 1986-1990 and 1991-1995, respectively.*
- The continued increase in real renovation spending is due to a combination of a growing and aging stock and expected further increases in average expenditures per dwelling.
- Although there is the potential for sizeable increases in renovation spending on rental dwellings (in order to upgrade buildings which have been deteriorating in recent years), a significant rise in spending is not expected.
- The share of total residential construction expenditures accounted for by renovation spending is expected to fall somewhat in the 1986-1990 period due to the current boom in new construction. This is projected to reverse again in the early 1990s, however, due to less new residential construction and continued increases in renovation expenditures.

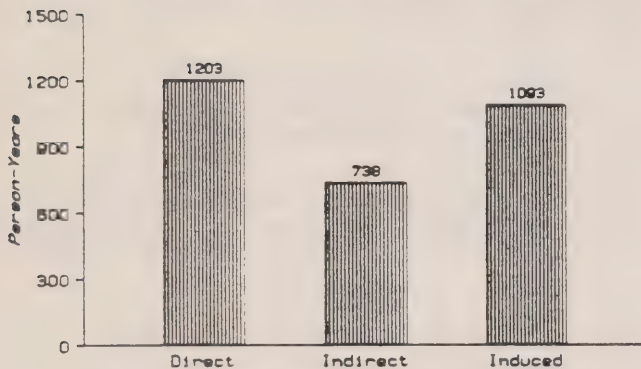
* These projections were prepared by Clayton Research for the Department of Regional Industrial Expansion in September, 1986; they should be considered as indicative only.

ECONOMIC IMPACTS OF RESIDENTIAL RENOVATION

The main purpose of this section is to provide a comparison of the employment impacts of renovation work done by contractors versus overall residential construction (excluding repairs) in Ontario. These estimates are preceded by a brief overview of the employment impacts which overall residential construction work generates both in the construction industry itself and throughout the economy.

3,000 Person-Years of Employment Created Per \$100 Million of Total Residential Construction Spending

EMPLOYMENT IMPACTS IN ONTARIO
OF \$100 MILLION OF RESIDENTIAL
CONSTRUCTION IN ONTARIO, 1985*

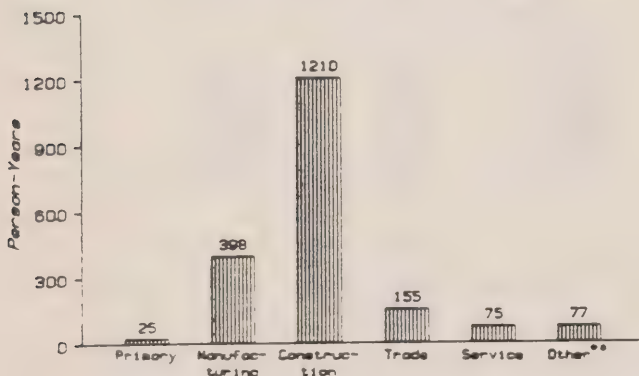


* Excludes repair construction.

Source: Clayton Research Associates based on Statistics Canada input-output tabulations.

- Three distinct rounds of employment impacts can be identified for any economic activity. For construction work they are: direct impacts - the actual construction jobs; indirect impacts - the jobs created in other industries (e.g., manufacturing) to produce the materials and other inputs for construction work; and induced impacts - the jobs created in the economy from the spending of incomes generated in the first two rounds.

DIRECT AND INDIRECT EMPLOYMENT IMPACTS IN ONTARIO
OF \$100 MILLION OF RESIDENTIAL CONSTRUCTION
IN ONTARIO BY INDUSTRY, 1985*



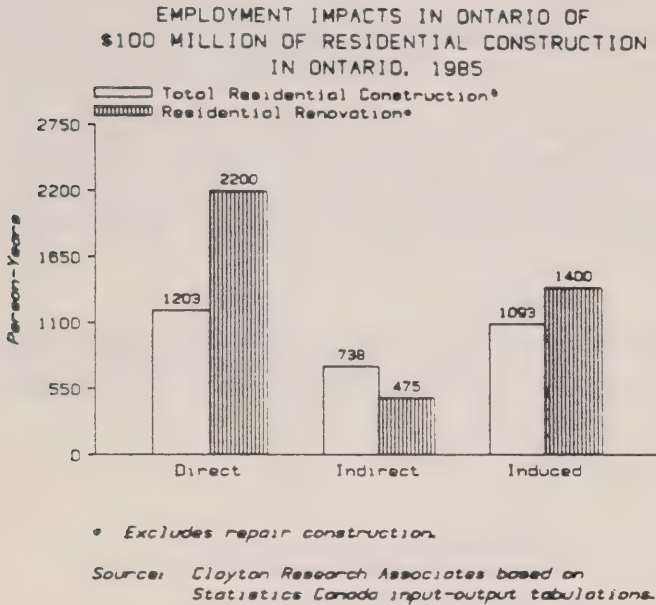
* Excludes repair construction.

** Includes transportation, storage, communication, utilities, financial, insurance, and real estate industries.

Source: Clayton Research Associates based on Statistics Canada input-output tabulations.

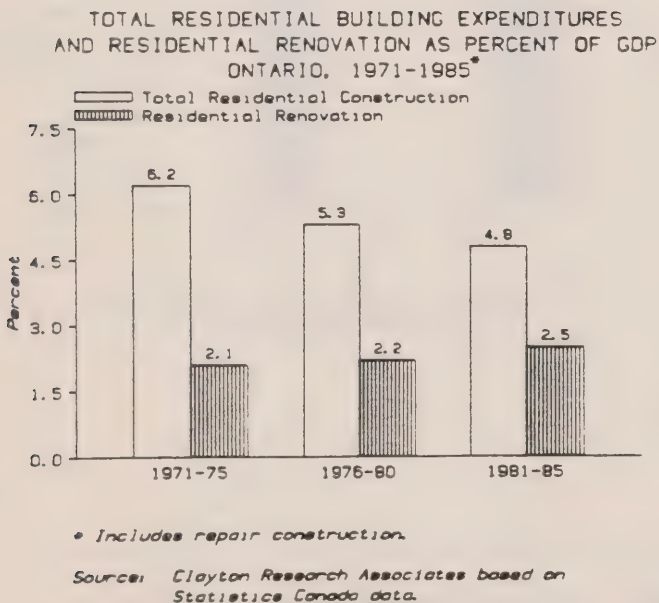
- For an expenditure of \$100 million on total residential construction in Ontario in 1985 (excluding repairs), it is estimated that about 3,000 person-years of employment in total are generated in the province. Direct construction work accounts for about 1,200 jobs while over 700 jobs are created in industries supplying inputs to construction - in all parts of the economy. Slightly more than one-third of all employment generated is in the induced round.

Employment Impacts from Renovation Work Greater Than from Total Residential Work



- Clayton Research estimates indicate that, in 1985, about 2,200 person-years of construction employment were created from \$100 million of spending on contractor renovations.* This is close to double that generated by similar spending on total residential construction (excluding repairs).
- Because more spending goes to direct construction employment than materials and supporting services, the indirect impact of renovation work is lower.

Renovation Spending Increasingly Important to Ontario's Economy



- Although the importance of total residential construction expenditures to the provincial economy declined over the last 15 years, renovation spending accounted for increasing shares of gross domestic product (GDP).
- Renovation spending rose from 2.1 percent of provincial GDP in 1971-1975 to 2.5 percent in 1981-1985. Spending on total residential construction over the same period fell from 6.2 percent to 4.8 percent of GDP.**

* These estimates relate to renovations (excluding repairs) by contractors; DIY renovations would have much lower impacts.

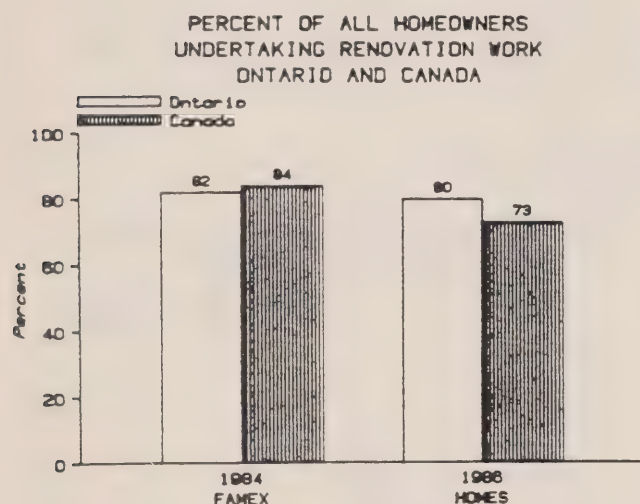
** These estimates include only the impact on the economy of spending in the direct round.

WHO DOES RESIDENTIAL RENOVATION WORK AND ON WHAT TYPES OF DWELLINGS?

This section provides information on the characteristics of homeowners undertaking renovations and the characteristics of dwellings being renovated.

The section relies mainly on two sources of data - Statistics Canada's 1984 Family Expenditure Survey (FAMEX) and Environics Research Group's 1986 HOMES National survey.* Both surveys cover only selected large urban centres in Ontario and Canada.

Most Homeowners Undertake At Least Some Renovation Work Each Year



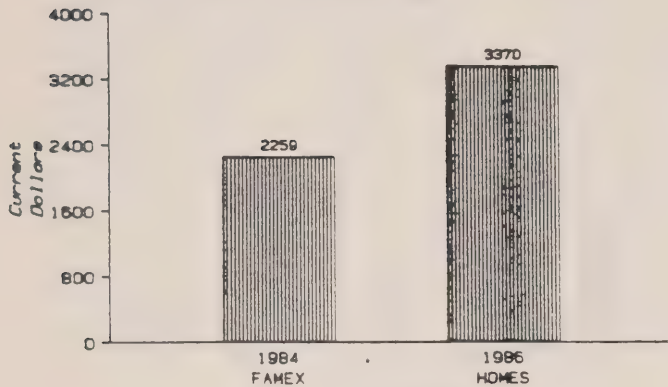
Source: Statistics Canada FAMEX Survey and
Environics HOMES National Survey.

- Both FAMEX and HOMES indicate that the majority of homeowners in urban centres in Ontario and Canada (three-quarters or more) undertake some renovation work each year.
- Data from both FAMEX and HOMES are based on small samples.** In particular, the sizes of the samples for Ontario centres severely limit the reliability of the data for the types of detailed analysis to be undertaken in this section and the next. Therefore, data relating to Canada will be used in the remainder of this report in order to provide details of homeowner renovation spending.***

-
- * A brief description of these two surveys and their underlying methodologies is provided in an appendix.
 - ** See the Appendix for survey coverage. Where possible, FAMEX data will be referred to in this section, due to its larger sample size for Canada vis-à-vis that of HOMES.
 - *** A comparison of data from both surveys indicates that the general findings for Ontario and Canada are very similar.

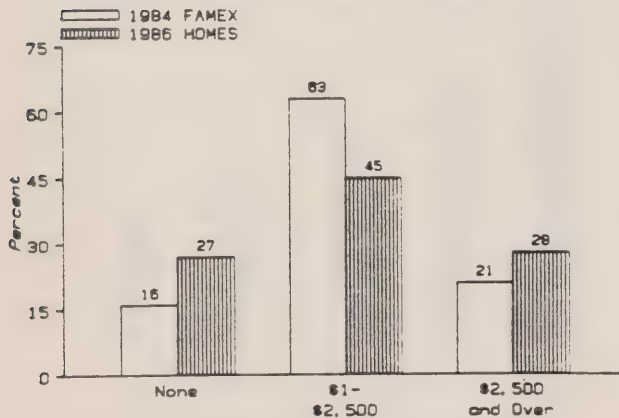
Fewer Than a Third of Homeowners Spend More Than \$2,500 Annually on Renovations

AVERAGE EXPENDITURES OF HOMEOWNERS UNDERTAKING RENOVATIONS, CANADA



Source: Statistics Canada FAMEX Survey and Environics HOMES National Survey.

DISTRIBUTION OF ALL HOMEOWNERS BY AMOUNT OF RENOVATION EXPENDITURES CANADA, 1984 AND 1986



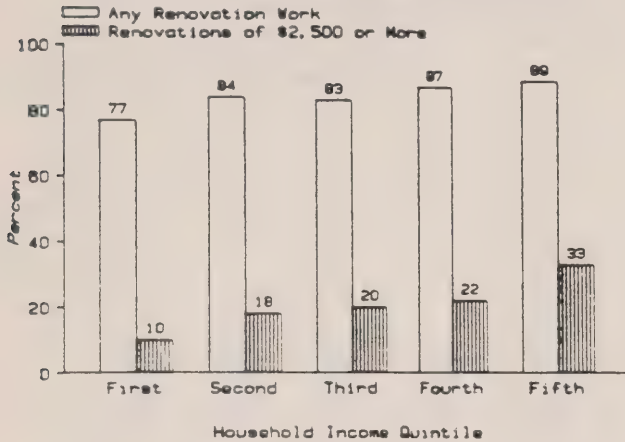
Source: Statistics Canada FAMEX Survey and Environics HOMES National Survey.

- FAMEX data indicate that the average amount spent by homeowners undertaking renovations in 1984 was \$2,259. The corresponding value from HOMES for the 12 months ending Summer, 1986 was \$3,370.*
- The higher average spending on renovations indicated by HOMES is due to a combination of factors, including a later year and differing survey methodology.
- Although most homeowners in Canada incur some renovation expenses each year, significantly less spend large amounts. Both FAMEX and HOMES indicate that less than 30 percent of all homeowners spend \$2,500 or more each year on renovation work.
- Homeowners with average renovation spending of less than \$2,500 are more likely to be those who are doing routine (and relatively inexpensive) repair and maintenance work.
- Of more interest are those homeowners spending \$2,500 or more on renovations in a year. These homeowners would also be doing routine repairs but, in addition, are undertaking larger projects which are more likely to be discretionary in nature.

* The averages for Ontario centres were very similar to the Canada data - \$2,365 (FAMEX) and \$3,369 (HOMES).

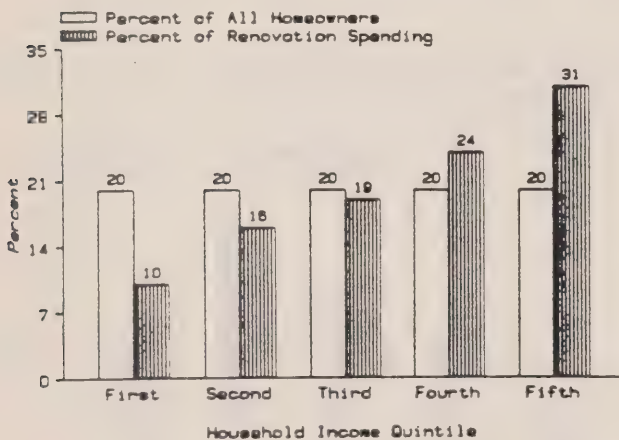
Higher Renovation Spending Among Upper Income Groups

PERCENT OF ALL HOMEOWNERS UNDERTAKING
RENOVATION WORK BY HOUSEHOLD INCOME QUINTILE
CANADA, 1984



Source: Statistics Canada FAMEX Survey.

DISTRIBUTION OF HOMEOWNER RENOVATION EXPENDITURES
BY HOUSEHOLD INCOME QUINTILE, CANADA, 1984

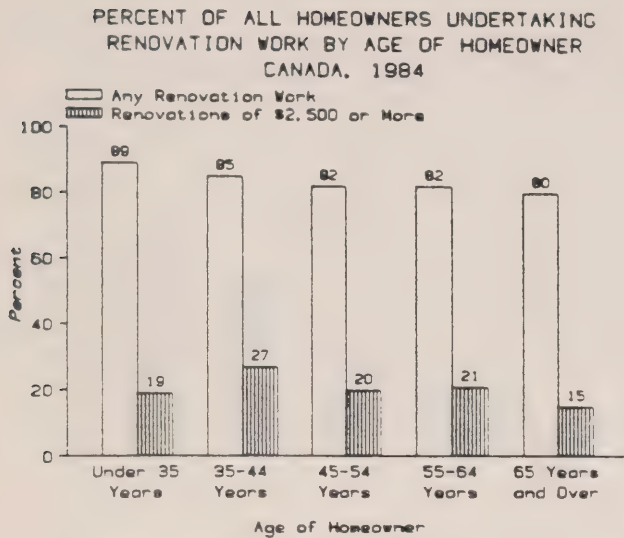


Source: Clayton Research Associates based on
Statistics Canada FAMEX Survey.

- Most homeowners undertake some renovation spending each year. The incidence of renovation work, however, does increase slightly with higher income. More significant are differences in the incidence of major renovation spending (\$2,500 or more) by income group.*
- Upper income homeowners are more likely to undertake major renovation work than their poorer counterparts. One-third of homeowners in the uppermost income quintile spent \$2,500 or more on renovations in 1984 - this compares to only 10 percent of homeowners in the lowest income group.
- The distribution of total renovation spending by different homeowner income quintiles can be estimated from incidences of renovation spending and average expenditures by income quintile.
- Although homeowners in the upper two income quintiles represented only 40 percent of total homeowners in 1984, because of their relatively higher average renovation expenditures, they accounted for 55 percent of total homeowner renovation spending.

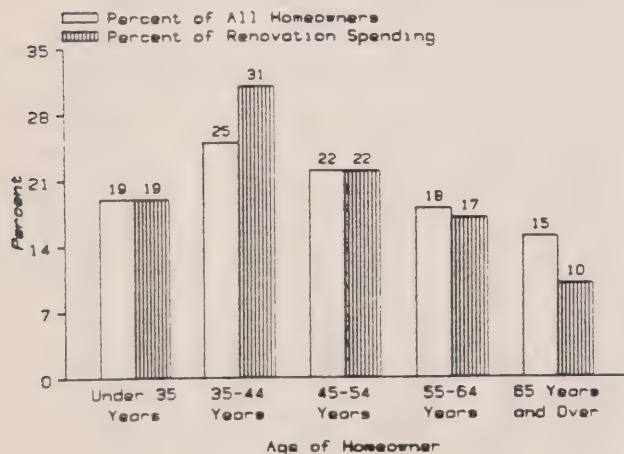
* Since most homeowners, regardless of homeowner or dwelling characteristics, undertake some routine repair work each year, there is little variation in the incidence of renovation work among different types of owners; more variation exists in the incidence of renovation spending of \$2,500 or more.

Major Renovation Work Most Common Among Homeowners in the 35-44 Age Group



Source: Statistics Canada FANEX Survey.

DISTRIBUTION OF HOMEOWNER RENOVATION EXPENDITURES BY AGE OF HOMEOWNER, CANADA, 1984

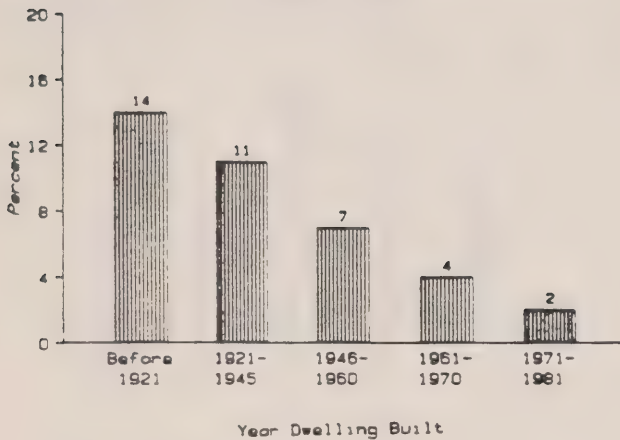


Source: Clayton Research Associates based on
Statistics Canada FANEX Survey.

- The proportion of homeowners undertaking major renovation work is much higher in the 35-44 age group than other age groups. Only 15-21 percent of homeowners in the under 35 and over 45 age groups spent more than \$2,500 on renovations in 1984 - this compares to 27 percent of homeowners in the 35-44 age group.
- In the recession year of 1982, in contrast with 1984, the 35-44 and 45-54 age groups had similar incidences of renovation spending of \$2,500 or more. The relative increase in major renovation spending in the 35-44 age group in 1984 is a result of a large increase in the average amounts spent on various types of renovation work and increases in the proportions of renovating homeowners in the 35-44 age group doing more than one renovation job.
- Because of their higher average spending, homeowners in the 35-44 age group account for a disproportionate share of total renovation spending - this age group comprises 25 percent of all homeowners but accounts for an estimated 31 percent of total renovation spending.
- Similarly, homeowners in the 65 and over age group account for a disproportionately lower share of total homeowner renovation spending.

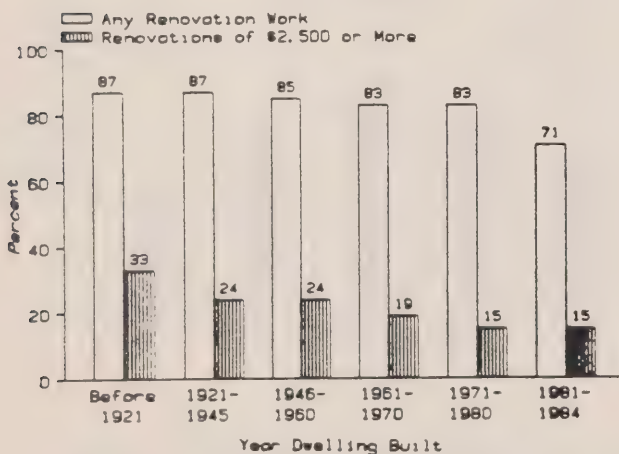
Higher Incidence of Major Spending on Oldest Dwellings

PERCENT OF OWNERSHIP DWELLINGS IN NEED OF MAJOR REPAIRS BY YEAR DWELLING BUILT CANADA, 1981



Source: 1981 Census of Canada.

PERCENT OF ALL HOMEOWNERS UNDERTAKING RENOVATION WORK BY YEAR DWELLING BUILT CANADA, 1984

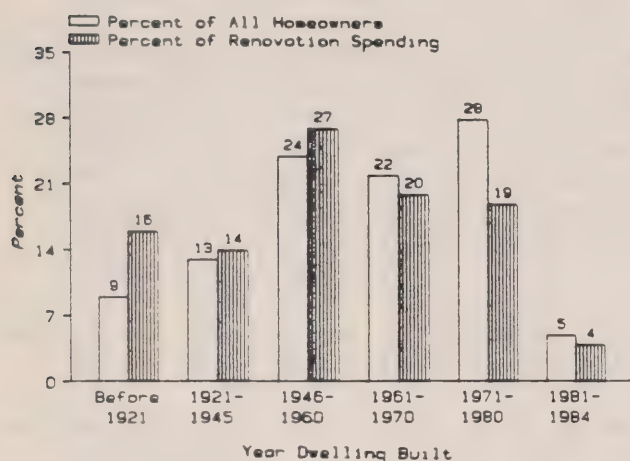


Source: Statistics Canada FAMEX Survey.

- The older a dwelling, the more likely it is to require major repairs. In 1981, 14 percent of ownership dwellings in Canada built before 1921 were in need of major repairs - this compares with less than 5 percent for dwellings built after 1960.
- These data are from the 1981 Census of Canada. A dwelling was considered to be in need of major repairs if the respondent reported that work was required to correct defective plumbing or electrical wiring, to make structural repairs to walls, floors or ceilings, etc. - excluded was desirable remodelling or additions.
- Given the higher need of major repair work in older dwellings, it is not surprising that homeowners in older dwellings have higher incidences of major renovation work than homeowners in newer dwellings. One-third of homeowners in dwellings built before 1921 spent at least \$2,500 on renovations in 1984. The comparable proportion for homeowners in dwellings built in 1971-1984 was only 15 percent.
- Though less prevalent than for older dwellings, a significant proportion of homeowners in new dwellings also do major renovations each year - often for items such as landscaping.

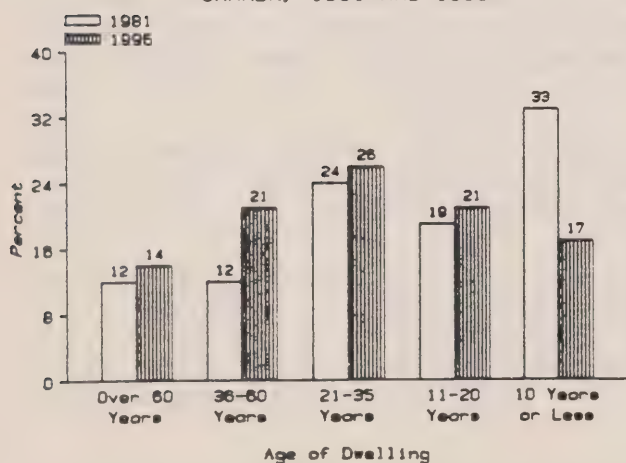
Dwellings Built Since the War Account for 70 Percent Of All Renovation Spending

DISTRIBUTION OF HOMEOWNER RENOVATION EXPENDITURES BY YEAR DWELLING BUILT, CANADA, 1984



Source: Clayton Research Associates based on Statistics Canada FAMEX Survey.

DISTRIBUTION OF OWNERSHIP DWELLINGS BY AGE OF DWELLING CANADA, 1981 AND 1996



Source: 1981 Census of Canada and projections by Clayton Research Associates.

- Renovation spending on dwellings built in the last 40 years accounted for about 70 percent of total renovation spending by homeowners in 1984.
- However, because of higher spending on older dwellings, they account for a disproportionate share of total renovation spending. In 1984, dwellings built before 1946 represented less than one-quarter of the total ownership stock, but accounted for 30 percent of all homeowner renovation spending.
- Given projected declines in new dwelling construction over the next decade, older dwellings can be expected to constitute increasing proportions of the total stock.
- By 1996, it is projected that about one-third of the ownership dwelling stock will be over 35 years old, compared to about one-quarter in 1981. The share of the stock accounted for by dwellings less than 10 years old is expected to be half of its 1981 share by 1996.
- Higher average renovation spending on older dwellings, combined with the aging of the dwelling stock, should lead to higher overall renovation expenditures by homeowners over the next decade.

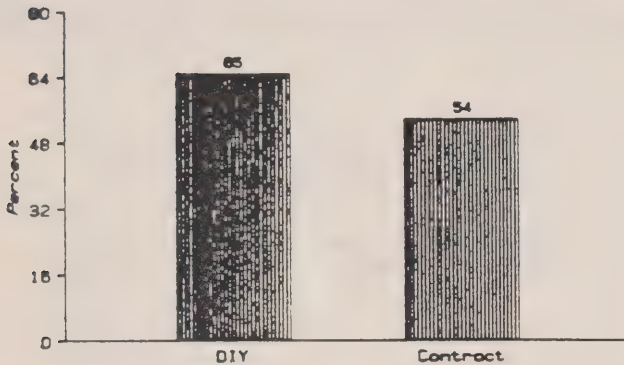
Other Factors Which Determine Degree of
Renovation Spending*

- There is a marginally higher incidence of major renovation spending (\$2,500 or more annually) among homeowners occupying single-detached dwellings compared to those in other dwelling types. Single-detached units account for about 85 percent of all homeowner renovation spending.
- Homeowners occupying dwellings that were previously owned by someone else (resale dwellings) have a higher incidence of annual renovations of \$2,500 or more - 31 percent in the 12 months ending Summer, 1986 compared to 20 percent of homeowners who purchased their dwelling new. Homeowners in previously occupied dwellings comprised only two-thirds of all homeowners in 1986, but accounted for three-quarters of total homeowner renovation spending.
- There is little difference in the degree of renovation spending between homeowners with and without mortgages.
- Renovation spending increases with dwelling value. Only about one-quarter of homeowners occupying dwellings valued at less than \$100,000 in 1986 spent \$2,500 or more on renovations; this compares to about 40 percent of homeowners occupying dwellings valued at \$200,000 or more. Higher renovation expenditures on more expensive dwellings are due to a combination of factors, including generally higher incomes, house sizes and the use of higher quality renovating materials.
- Homeowners who have lived in their dwellings for more than 20 years have a much lower incidence of renovation spending of \$2,500 or more - only 14 percent in the 12 months ending Summer, 1986 compared to the overall average of 28 percent.
- There would appear to be little difference in the incidence of major renovation spending between homeowners in dwellings located close to downtown areas and those in more suburban areas.
- Renovation spending increases with level of education. Thirty-five percent of homeowners with post-graduate degrees spent \$2,500 or more on renovations in the 12 months ending Summer, 1986; for those with high school educations or less, the incidence was only 23 percent.

* Data in this section are mainly from Environics 1986 HOMES National Survey.

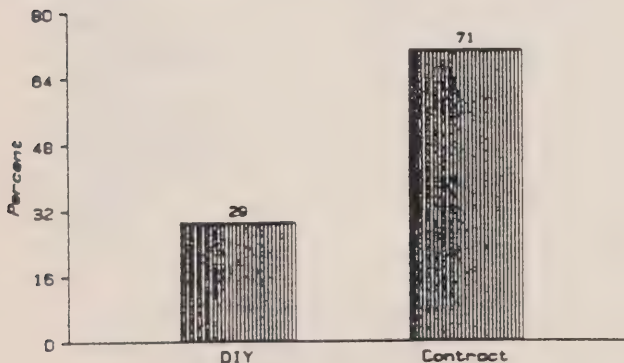
Do-It-Yourself Work More Prevalent Than Contract
But Average Expenditures Are Lower

PERCENT OF ALL HOMEOWNERS UNDERTAKING
RENOVATION WORK BY WHO DOES THE WORK
CANADA, 1984



Source: Statistics Canada FAMEX Survey.

DISTRIBUTION OF HOMEOWNER RENOVATION
EXPENDITURES BY WHO DOES THE WORK
CANADA, 1984



Source: Statistics Canada FAMEX Survey.

- About two-thirds of all homeowners undertook some DIY renovation work in 1984 - they spent an average of \$863 each.
- Over half of all homeowners hired a contractor to do some renovation work for them in 1984. The average amount spent by homeowners undertaking contract renovation work (\$2,494) was almost three times the average spent on DIY work.
- Do-it-yourself (DIY) work refers to renovations in which a homeowner purchases required materials and does the work him/herself. Contract work includes work in which either only labour or both labour and materials are provided by the contractor (almost all of contract work is of the latter type).
- Many renovators undertake both DIY and contract work in the same year - about 42 percent of all renovating homeowners in 1984.
- Despite the higher incidence of DIY work among homeowners, DIY work accounts for only a small proportion of the total renovation market. Because of low average expenditures of DIY vis-à-vis average spending on contract work, DIY work accounted for only about 29 percent of the total value of homeowner renovation spending in 1984.

COMMON TYPES OF RENOVATION WORK

This section provides information on common types of renovation work undertaken by homeowners. The main source of data for this section is the 1986 HOMES survey, which provides detailed information on the types of renovation work undertaken by homeowners. Unfortunately similar data are not available from FAMEX.

Homeowner Renovation Spending Covers a Multiplicity of Activities

DISTRIBUTION OF TOTAL HOMEOWNER RENOVATION SPENDING
IN LAST 12 MONTHS BY TYPE OF RENOVATION WORK
CANADA, 1986

Type of Renovation	Percent of Total Homeowner Renovation Spending*
Kitchen	9
Carpets/Floors	8
Roofing	7
Landscaping	7
New Windows	6
Bathroom	6
Interior Painting/Plastering/ Wallpapering	6
Siding or Exterior Walls	5
Addition of a Room	4
Heating	4
Verandah/Porch/Sundeck	3
Insulation	3
Driveway/Walkway Paving	3
Interior Walls	3
Fencing	3
Exterior Painting	3
New Doors	3
Garage	2
Pool/Hot Tub	2
Air Conditioning	2
Eaves/soffit/Soffit	2
Patio	2
Fireplace	1
General Rewiring	1
New Light Fixtures	1
General Plumbing	1
Entrance Steps	1
Ceiling	1
Chimney	1
All Other	2
	100

* Total may not add due to rounding.

Source: Clayton Research Associates based
on Environics HOMES National Survey.

- Renovation spending by homeowners is spread over a wide range of activities; most individual types of renovation work account for only a very small proportion of total renovation spending.*
- Kitchens accounted for the largest share of total renovation spending by homeowners in the 12 months ending Summer, 1986 (9 percent), followed closely by work involving carpets/floors (8 percent) and roofing and landscaping (7 percent each).
- The top 10 types of renovation work in terms of dollar spending combined accounted for over 60 percent of total homeowner renovation expenditures in the 12 months ending Summer, 1986. Because of the importance of these 10 types of work, they are examined in more detail on the following pages.

* Because of problems associated with separating total renovation spending into types of work, any breakdown should be considered to be only broadly indicative of the actual situation in the renovation market.

Two-Thirds of Kitchen Renovation Spending On Older Homes

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING KITCHENS CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	9
Percent of Renovating Homeowners Undertaking Kitchen Work In Last 12 Months	
Any Kitchen Work	12
Kitchen Work of \$1,000 or More	6
Average Expenditure on Kitchens For Those Doing Such Work	\$2,250
Who Did the Work? (Percent)	
DIY	44
All Contract	36
Part Contract	20
	100
Distribution of Total Renovation Spending on Kitchens by Age of Dwelling (Percent)	
Less than 20 Years	34
20 Years or More	66
	100

Source: Clayton Research Associates based on Environics HOMES National Survey.

KITCHEN RENOVATIONS BY TYPES OF WORK INVOLVED CANADA, 1986

Selected Types Of Kitchen Renovations	Percent of Homeowners Undertaking Renovations to Kitchens Who Reported Each Type of Work
Cupboard/cabinets	67
Flooring/walls	66
Counters	59
Plumbing/fixtures	50
Sinks	46
Lighting	41
Appliances	31
Added a kitchen*	4

* Excludes structural extensions.

Source: Clayton Research Associates based on Environics HOMES National Survey.

- Only 12 percent of renovating homeowners undertook kitchen work in the 12 months ending Summer, 1986. However, because of high average spending (\$2,250), kitchen work accounted for 9 percent of all homeowner renovation spending.
- More homeowners did their kitchen renovations entirely themselves than hired a contractor to do all the work.*
- A smaller but still significant proportion of homeowners doing kitchen renovations hired a contractor for part of the work and did part of the work themselves (20 percent).
- Dwellings aged 20 years or more accounted for most kitchen renovation spending, however, one-third of total kitchen renovation spending was on dwellings less than 20 years old.
- The most common types of kitchen renovations involved cupboards/cabinets and flooring/walls, followed by counters and plumbing/fixtures; between half and two-thirds of kitchen renovators did these types of work.

* Data in this section on "who did the work" relate to proportions of homeowners undertaking each type of work. A breakdown of total dollar spending by who does the work would generally yield much higher figures for contractors (due to higher average expenditures on contract work versus DIY).

Half of Carpet/Flooring Renovation Spending On Newer Homes

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING CARPETS/FLOORING* CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	8
Percent of Renovating Homeowners Undertaking Carpets/Flooring Work In Last 12 Months	
Any Carpets/Flooring Work	19
Carpets/Flooring Work of \$1,000 or More	8
Average Expenditure on Carpets/Flooring For Those Doing Such Work	\$1,284
Who Did the Work? (Percent)	
DIY	43
All Contract	50
Part Contract	7
	100
Distribution of Total Renovation Spending on Carpets/Flooring by Age of Dwelling (Percent)	
Less than 20 Years	50
20 Years or More	50
	100

* Excludes flooring work done as part of larger bathroom or kitchen work or additions.

Source: Clayton Research Associates based on Environics HOMES National Survey.

- One-fifth of renovators did work involving carpets or flooring in the 12 months ending Summer, 1986 (there is no disaggregation available for each type of work). The average spent on carpets/flooring was \$1,284.
- Half of all homeowners undertaking carpet/flooring work did the work either entirely or partly by themselves, while half used contractors only.
- Total spending on carpets/flooring was evenly distributed between dwellings less than 20 years of age and those 20 years and over.

Majority of Roofing Renovations Involve the Use of Contractors

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING ROOFING CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	7
Percent of Renovating Homeowners Undertaking Roofing Work In Last 12 Months	
Any Roofing Work	13
Roofing Work of \$1,000 or More	9
Average Expenditure on Roofing For Those Doing Such Work	\$1,682
Who Did the Work? (Percent)	
DIY	28
All Contract	67
Part Contract	5
	100
Distribution of Total Renovation Spending on Roofing by Age of Dwelling (Percent)	
Less than 20 Years	24
20 Years or More	76
	100

Source: Clayton Research Associates based on Environics HOMES National Survey.

- Thirteen percent of renovating homeowners did renovations to their roof in the 12 months ending Summer, 1986. They spent an average \$1,682 on this type of work.
- Contractors perform the majority of roofing work undertaken by homeowners - three-quarters of renovations involving roofing were done either entirely or partly by contractors.
- Roofing renovations are more common among older dwellings. Three-quarters of the value of roofing renovations was on homes aged 20 years or more.

Most Landscaping Work Done on Newer Homes; Also, Mostly DIY

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING LANDSCAPING CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	7
Percent of Renovating Homeowners Undertaking Landscaping In Last 12 Months	
Any Landscaping Work	27
Landscaping Work of \$1,000 or More	6
Average Expenditure on Landscaping For Those Doing Such Work	\$824
Who Did the Work? (Percent)	
DIY	77
All Contract	12
Part Contract	11
	100
Distribution of Total Renovation Spending on Landscaping by Age of Dwelling (Percent)	
Less than 20 Years	69
20 Years or More	31
	100

Source: Clayton Research Associates based on
Environics HOMES National Survey.

- Over one-quarter of renovating homeowners did landscaping in the 12 months ending Summer, 1986.
- The majority of homeowners with spending on landscaping did the work entirely themselves (over three-quarters). Correspondingly, average expenditures on this type of work were relatively low (\$824).
- Dwellings aged 20 years or less account for most spending on landscaping. Dwellings less than five years old alone accounted for one-third of total spending.

Older Dwellings Account for Majority of Spending on New Windows

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING NEW WINDOWS CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	6
Percent of Renovating Homeowners Undertaking New Window Work In Last 12 Months	
Any New Window Work	15
New Window Work of \$1,000 or More	7
Average Expenditure on New Windows For Those Doing Such Work	\$1,334
Who Did the Work? (Percent)	
DIY	29
All Contract	64
Part Contract	7
	100
Distribution of Total Renovation Spending on New Windows by Age of Dwelling (Percent)	
Less than 20 Years	25
20 Years or More	75
	100

Source: Clayton Research Associates based on
Environics HOMES National Survey.

- Fifteen percent of renovating homeowners had spending on new windows in the 12 months ending Summer, 1986; their average expenditure on windows was \$1,334.
- The majority of homeowners with spending on new windows hired a contractor to do all or part of the work (71 percent).
- Three-quarters of total spending by homeowners on new windows was by homeowners occupying dwellings aged 20 years or more.

Majority of Bathroom Renovations Done By Homeowners Themselves; Flooring/Walls Most Common Type of Work

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING BATHROOMS CANADA, 1986

Percent Share of Total Homeowner Renovation Spending	6
Percent of Renovating Homeowners Undertaking Bathroom Work In Last 12 Months	
Any Bathroom Work	17
Bathroom Work of \$1,000 or More	6
Average Expenditure on Bathrooms For Those Doing Such Work	\$1,148
Who Did the Work? (Percent)	
DIY	59
All Contract	26
Part Contract	15
	100
Distribution of Total Renovation Spending on Bathrooms by Age of Dwelling (Percent)	
Less than 20 Years	41
20 Years or More	59
	100

Source: Clayton Research Associates based on Environics HOMES National Survey.

BATHROOM RENOVATIONS BY TYPES OF WORK INVOLVED CANADA, 1986

Selected Types Of Bathroom Renovations	Percent of Homeowners Undertaking Renovations to Bathrooms Who Reported Each Type of Work
Flooring/walls	71
Plumbing	60
Sink	49
Counters/cabinets	49
Shower	48
Toilet	42
Bidet	7
Added a bathroom*	12

* Excludes structural extensions.

Source: Clayton Research Associates based on Environics HOMES National Survey.

- One in every six renovators (13 percent of all homeowners) reported work on bathrooms in the 12 months ending Summer, 1986.
- Average expenditures on bathroom work for those doing such work was \$1,148. Bathroom work accounted for six percent of all homeowner renovation spending.
- About three-quarters of homeowners did the work either entirely on their own (59 percent) or did part themselves and hired a contractor for the rest (15 percent).
- Although older dwellings (20 years or more) accounted for over half of bathroom renovation spending, spending on newer dwellings was also significant (41 percent of the total).
- About one-third of bathroom spending was on dwellings aged 40 years or more.
- The most common type of bathroom work involved flooring/walls - 71 percent of bathroom renovators reported this type of work. Plumbing work was reported by 60 percent of homeowners renovating their bathrooms.
- Few bathroom renovators (12 percent) reported having added a bathroom (that is, converted existing space for use as a bathroom).

Interior Painting/Plastering/Wallpapering Most Common Type of Renovation Work - Mainly DIY

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING INTERIOR PAINTING/PLASTERING/WALLPAPERING, CANADA, 1986*

Percent Share of Total Homeowner Renovation Spending	6
Percent of Renovating Homeowners Undertaking Interior Painting/Plastering/Wallpapering in Last 12 Months	
Any Interior Painting, etc.	56
Interior Painting, etc. of \$1,000 or More	4
Average Expenditure on Interior Painting, etc. For Those Doing Such Work	\$317
Who Did the Work? (Percent)	
DIY	82
All Contract	12
Part Contract	6
	100
Distribution of Total Renovation Spending on Interior Painting/Plastering/Wallpapering by Age of Dwelling (Percent)	
Less than 20 Years	56
20 Years or More	44
	100

* Excludes interior painting/plastering/wallpapering done as part of larger bathroom or kitchen work or additions.

Source: Clayton Research Associates based on Environics HOMES National Survey.

- Over half of renovating homeowners reported work on interior painting/plastering/wallpapering in the 12 months ending Summer, 1986 (no disaggregation is available). More homeowners reported this type of work than any other, however average expenditures were low (\$317).
- The vast majority of homeowners did the work entirely or partly by themselves. Only 12 percent of homeowners hired a contractor to do all of the work.
- Slightly over half of this type of spending was on newer homes.

Older Dwellings and Contract Work Account for Majority of Renovations to Siding/Exterior Walls

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING SIDING OR EXTERIOR WALLS, CANADA, 1986*

Percent Share of Total Homeowner Renovation Spending	5
Percent of Renovating Homeowners Undertaking Siding or Exterior Wall Work in Last 12 Months	
Any Siding or Exterior Wall Work	7
Siding/Exterior Wall Work of \$1,000 or More	4
Average Expenditure on Siding/Exterior walls For Those Doing Such Work	\$2,066
Who Did the Work? (Percent)	
DIY	32
All Contract	56
Part Contract	12
	100
Distribution of Total Renovation Spending on Siding/Exterior Walls by Age of Dwelling (Percent)	
Less than 20 Years	33
20 Years or More	67
	100

Source: Clayton Research Associates based on Environics HOMES National Survey.

- Only 7 percent of renovating homeowners did work on siding or exterior walls in the 12 months ending Summer, 1986. Siding/walls accounted for 5 percent of total homeowner renovation spending.
- Two-thirds of homeowners hired contractors to do all or part of the work.
- About two-thirds of total spending on siding/exterior walls was on dwellings aged 20 years or more.
- About 60 percent of homeowners added insulation as part of the siding or wall renovations.

High Average Expenditures on Additions But Few Homeowners Do This Type of Work

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING ADDITION OF A ROOM CANADA, 1986*

Percent Share of Total Homeowner Renovation Spending	4
Percent of Renovating Homeowners Undertaking Addition of a Room In Last 12 Months	
Any Addition of a Room	1
Additions of \$1,000 or More	1
Average Expenditure on Additions For Those Doing Such Work	\$13,106
Who Did the Work? (Percent)	
DIY	29
All Contract	43
Part Contract	29
	100
Distribution of Total Renovation Spending on Additions by Age of Dwelling (Percent)	
Less than 20 Years	24
20 Years or More	76
	100

Source: Clayton Research Associates based on
Environics HOMES National Survey.

- Only one percent of renovating homeowners reported having added a room to their house in the 12 months ending Summer, 1986. The average expenditure was \$13,106.
- No information is available from HOMES on the spending on individual items that occurs as part of additions or the types of rooms being added.
- Most additions were done entirely or partly by contractors (71 percent).
- Three-quarters of spending on additions was on homes aged 20 years or more.

Most Heating Systems Renovations Done on Older Homes and By Contractors

SELECTED CHARACTERISTICS OF HOMEOWNER RENOVATION WORK INVOLVING HEATING CANADA, 1986*

Percent Share of Total Homeowner Renovation Spending	4
Percent of Renovating Homeowners Undertaking Heating Work In Last 12 Months	
Any Heating Work	8
Heating Work of \$1,000 or More	4
Average Expenditure on Heating For Those Doing Such Work	\$1,467
Who Did the Work? (Percent)	
DIY	16
All Contract	72
Part Contract	12
	100
Distribution of Total Renovation Spending on Heating by Age of Dwelling (Percent)	
Less than 20 Years	31
20 Years or More	69
	100

Source: Clayton Research Associates based on
Environics HOMES National Survey.

- Only eight percent of renovating homeowners reported work to their heating systems; they had an average expenditure of \$1,467. Spending on heating work accounted for 4 percent of total homeowner renovation spending.
- The majority of homeowners hired a contractor to do either all or part of the work (84 percent).
- Dwellings aged 20 years or more accounted for over two-thirds of total renovation spending on heating (about half of this was for dwellings between 20 and 30 years of age).

APPENDIX

A DESCRIPTION OF THE FAMEX
AND HOMES NATIONAL SURVEYS

APPENDIX

This appendix provides a brief description of the two surveys which provide the background data for the third and fourth sections of this report - Statistics Canada's 1984 Family Expenditure Survey (FAMEX) and Environics Research Group's 1986 HOMES National Survey.

THE FAMEX SURVEY

The Family Expenditure (FAMEX) Survey results presented in this report are based on the survey undertaken by Statistics Canada in the Spring of 1985 of household spending patterns in calendar year 1984. The 1984 FAMEX Survey collected a great deal of information on various expenditures by families and unattached individuals in 17 major urban centres of Canada, including three in Ontario (Toronto, Ottawa, Thunder Bay) - this information includes detailed expenditures by homeowners on maintenance, repairs and replacements, additions, renovations and alterations and new installations.

The results of the survey are based on a sample size of 2,847 homeowners for the combined 17 Canadian cities and 603 homeowners for the three Ontario centres combined. Because of the very small sample for Ontario and the fact that it appears from various checks conducted that the Ontario and Canada results are comparable, Canada data are used instead in the third section of the report to provide details of homeowner renovation spending.

The FAMEX Survey was conducted by an interviewer in the home of the respondent from a detailed questionnaire. The questionnaire for the FAMEX Survey is designed to collect data on renovation spending by asking respondents to provide information on the amounts spent on the following:

- Maintenance, repairs and replacements - this category is comprised of two elements:
 - Maintenance and repairs - work undertaken on an existing structure or piece of equipment to keep it in good working condition and appearance so as to maintain it in "as new" a condition as possible. Also included are repairs undertaken on broken, damaged or malfunctioning components of the structure or equipment. Examples include painting, caulking and various types of repairs to buildings and appliances; and
 - Replacements - the installation of equipment which replaces an existing piece of equipment. An example is the replacement of an old oil furnace with a more technically advanced furnace.

- Additions - this includes the construction of structural extensions, enclosures and any additional facilities on the property. Additions include the cost of plumbing, electrical and heating equipment and built-in appliances if these were included as part of the addition.
- Renovations and alterations - this includes work done to upgrade the property to acceptable building or living standards, to rearrange the interior space or to modernize existing facilities in order to suit changing needs. Renovations and alterations may include the cost of plumbing, electrical or heating equipment and built-in appliances if these were included as part of the work.
- New installations - this refers to work undertaken to install equipment or fixtures which did not previously exist either to the inside or outside of the structure or on the property. An example is the installation of a shower stall in what had previously been a powder room or the installation of a new air conditioning system.

The survey does not cover all areas of the country. The results, therefore, while illustrative of the broad situation that applies in major urban centres in Canada, may not be strictly representative of all homeowner renovation in the country as a whole.

THE HOMES NATIONAL SURVEY

The HOMES National Survey is a telephone survey undertaken by Environics Research Group. The results presented in this report are based on the HOMES National Survey conducted in Summer, 1986. It covered 2,332 homeowners in 27 major urban centres across Canada, including 1,001 homeowners in 10 major urban centres in Ontario. Sample sizes for both areas are relatively small, representing less than one out of every 1,000 homeowners in these areas. Because of the larger sample size for Canada as a whole and the fact that various checks showed the results for Ontario and Canada to be similar, Canada rather than Ontario data are used in the third and fourth sections of the report to provide details of homeowner renovation spending.

Among other questions, the survey asked homeowners whether or not they had had any expenditures on various types of interior and exterior renovation work in the past 12 months (a list of various types of work was read to the respondent), the amount spent on each type of work, and whether they hired someone to do all, part or none of the work.

The HOMES National Survey uses repairs and renovations as a catch-all definition to cover all the types of work described by Statistics Canada as maintenance, repairs and replacements, additions, alterations and new installations. This definition, while not

providing as complete a breakdown of activity as might be desirable, is a recognition of the difficulty (and likelihood of errors) associated with attempting to classify work into a complex set of categories in a relatively short telephone interview.

As with FAMEX, the survey does not cover all areas of the country. Therefore, the results, while illustrative of the broad situation that applies in major urban centres in Canada, may not be strictly representative of all homeowner renovation in the country as a whole.

Nonetheless, the HOMES National Survey does provide a unique set of information which, recognizing its limitations, is extremely useful in broadly identifying the types of renovation work which are being undertaken by homeowners and the types of homeowners who are undertaking such work. The results which are presented in this report are considered to be illustrative of these broad trends. Due to the relatively small sample sizes involved, a great deal of emphasis should not be placed on small differences in either percentages of different types of renovation work being undertaken or the share of total renovation spending.

